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36 IN THE UNITED STATES DISTRICT COURT

37 FOR THE NORTHERN DISTRICT OF CALIFORNIA

38 SAN JOSE DIVISION

39 TESLA, INC., a Texas Corporation,,  
 40 Plaintiff,

41 v.

42 PROCEPTION, INC., a Delaware Corporation,  
 43 and ZHONGJIE "JAY" LI, an individual,

44 Defendants.

45 CASE NO. 5:25-cv-04963-SVK

46 **PLAINTIFF TESLA, INC'S  
 47 STATEMENT IN SUPPORT OF  
 48 SEALING CERTAIN CONFIDENTIAL  
 49 MATERIAL IN DEFENDANTS'  
 50 OBJECTION TO NEW EVIDENCE AND  
 51 PROPOSED SUR-REPLY**

52 **Hearing:**

53 Date: October 22, 2025  
 54 Time: 10:00 AM  
 55 Place: San Jose Courthouse, Courtroom 6  
 56 280 South 1st Street, San Jose, CA  
 57 95113

58 Hon. Susan van Keulen

## INTRODUCTION

Pursuant to Federal Rule of Civil Procedure 26(c) and Civil Local Rule 79-5, Plaintiff Tesla, Inc. (“Tesla”) submits this statement in response to Defendants Zhongjie “Jay” Li’s and Proception, Inc.’s Administrative Motion to Consider Whether Material Should be Sealed (the “Motion”) (Dkt. 91). The Motion concerns the potential sealing of portions of Defendants’ Objection to New Evidence and Exhibit A to Defendants’ Administrative Motion for Leave to File Sur Reply In Support Of Opposition to Plaintiff’s Motion for Preliminary Injunction.

Tesla respectfully requests the Court continue to seal select descriptive file names and vendor details, and the names of Tesla Optimus employees and interns in the aforementioned documents. The request for sealing of such information relating to the development of Tesla’s Optimus is consistent with Tesla’s previous motions to seal in this matter. *See generally* Dkts. 17, 44, 90.

The information that Tesla seeks to seal meets both the higher “compelling reasons” standard and the lower “good cause” standard for sealing under *Center for Auto Safety v. Chrysler Group, LLC*, 809 F.3d 1092 (9th Cir. 2016). Moreover, Tesla’s request is “narrowly tailored to seek sealing only of sealable material” and does not indiscriminately seek to seal documents or portions of documents which do not contain sealable material. Civil L.R. 79-5(b).

As demonstrated by the Declaration of Terry Ahearn in Support of Plaintiff's Statement in Support of Sealing Certain Confidential Material in Defendants' Objection to New Evidence and Proposed Sur Reply ("Ahearn Decl."), attached hereto, the file names and vendor details, and references to Optimus team members sought to be sealed signal to competitors—or any would-be intruder into Tesla's electronic systems—the content of closely guarded trade secret files related to the development of Tesla's Optimus humanoid robot, as well as search terms that can be run to locate such documents. Without sealing, the names of files containing Tesla's trade secrets, confidential vendor identities, and sensitive details regarding Optimus workstreams, would be exposed—placing years of research and development in jeopardy. Moreover, revealing the names of current and former Tesla employees and interns would not only encroach upon their privacy interests, but subject Tesla and these employees to the risk of bad actors targeting them with cyberattacks in order to capitalize on their highly-sensitive and non-public work on Tesla's Optimus project.

1 Counsel for Tesla have reviewed and complied with Magistrate Judge Susan van Keulen's  
 2 Standing Order on Administrative Motions to File Under Seal. Ahearn Decl. ¶ 2. Counsel for Tesla  
 3 have also reviewed and complied with Civil Local Rule 79-5. *Id.*

4 **LEGAL STANDARD**

5 Courts have "broad discretion to permit sealing of court documents for, *inter alia*, the  
 6 protection of 'a trade secret or other confidential research, development, or commercial information.'" "  
 7 *Hadley v. Kellogg Sales Co.*, No. 16-CV-04955-LHK, 2018 WL 7814785, at \*1 (N.D. Cal. Sept. 5,  
 8 2018) (citing Fed. R. Civ. P. 26(c)(1)(G)). What constitutes a sufficient basis to seal a document is  
 9 "best left to the sound discretion of the trial court," but sufficient grounds include "sources of business  
 10 information that might harm a litigant's competitive standing." *Ctr. for Auto Safety*, 809 F.3d at 1097  
 11 (citing *Nixon v. Warner Commc'ns, Inc.*, 435 U.S. 589, 598–99 (1978)).

12 For the purposes of a sealing motion, a motion for preliminary injunction is a non-dispositive  
 13 motion and therefore adjudicated under the "good cause" standard. *See Kamakana v. City & Cnty. of  
 14 Honolulu*, 447 F.3d 1172, 1179 (9th Cir. 2006) (finding that the documents attached to non-dispositive  
 15 motions must only meet the lower "good cause" standard). Under the "good cause" standard, the  
 16 movant must adduce a "particularized showing" that "specific harm or prejudice will result" if the  
 17 information is disclosed. *Straight Path IP Grp., Inc. v. Cisco Sys., Inc.*, 411 F. Supp. 3d 1026, 1036  
 18 (N.D. Cal. 2019) (citing *Kamakana*, 447 F.3d at 1179–80). Because Tesla articulates herein the  
 19 specific harms and prejudice that will result if this material is left unsealed, these narrowly tailored  
 20 sealing requests should be granted. *See Kamakana*, 447 F.3d at 1180 ("A 'good cause' showing under  
 21 Rule 26(c) will suffice to keep sealed records attached to non-dispositive motions.").

22 **THE COURT SHOULD SEAL SELECT DESCRIPTIVE FILE NAMES AND VENDOR  
 23 DETAILS, AND THE PERSONALLY IDENTIFIABLE INFORMATION OF NON-  
 24 PARTIES IN DEFENDANTS' OBJECTION TO NEW EVIDENCE AND SUR REPLY**

25 Tesla requests limited redactions of the internal file names of sensitive Optimus files subject  
 26 to Tesla's stringent security measures and protocols. Tesla has cabined its request to only specific  
 27 file names and the identity of external vendors, which reference descriptive and confidential  
 28 information related to its Optimus humanoid robot. Under this Court's precedent and Local Rules,  
 these limited proposed redactions qualify for protection from public disclosure and access.

1       First, these file names and vendor details identify valuable trade secret files and other non-  
 2 public information related to the development of the Optimus hand, and could reveal confidential  
 3 specifications. Ahearn Decl. ¶ 3. Disclosure of this information would prejudice Tesla by providing  
 4 competitors and bad actors insights into the confidential components of the Optimus robot that could  
 5 be used to get a head start on development of a humanoid robot (*id.*), a concern recognized by this  
 6 Circuit that justifies sealing. *See Apple Inc. v. Psystar Corp.*, 658 F.3d 1150, 1162 (9th Cir. 2011)  
 7 (finding redaction is appropriate where publication “could result in infringement upon trade secrets”).

8       In addition to exposing Tesla to information security vulnerabilities and endangering its trade  
 9 secrets, public disclosure of file names and vendor details, could signal to competitors the confidential  
 10 strategy and focus areas of Tesla’s Optimus development. Ahearn Decl. ¶ 4. These threats pose a  
 11 serious risk to Tesla’s competitive standing—a reality this Court repeatedly has taken great care to  
 12 protect in similar situations. *See, e.g., Fed. Trade Comm’n v. Qualcomm Inc.*, No. 17-CV-220, 2019  
 13 WL 95922, at \*3 (N.D. Cal. Jan. 3, 2019) (granting motion to seal under the compelling reasons  
 14 standard to the extent it “may harm [the party’s] or third parties’ competitive standing and divulges  
 15 terms of confidential contracts, contract negotiations, or trade secrets”); *MasterObjects, Inc. v.*  
 16 *Amazon.com*, No. C 20-08103 WHA (N.D. Cal. Jan. 11, 2023) (finding that disclosure of “descriptive  
 17 file names of specific source code files, and descriptive file paths . . . could cause [the movant]  
 18 competitive harm”).

19       Tesla additionally requests limited redactions of the names of current and former employees  
 20 who presently work or have worked on the development of Tesla’s Optimus. Under this Court’s  
 21 precedent and Local Rules, these limited proposed redactions similarly qualify for protection from  
 22 public disclosure and access. Courts in this District have consistently found not just “good cause,” but  
 23 “compelling reasons” to seal personally identifiable information, including names, addresses, phone  
 24 numbers, and email addresses. *UnifySCC v. Cody*, No. 5:22-CV-01019-BLF, 2024 WL 4752092, at  
 25 \*2 (N.D. Cal. Oct. 24, 2024); *see also Snapkeys, Ltd. v. Google LLC*, No. 19-CV-02658, 2021 WL  
 26 1951250, at \*3 (N.D. Cal. May 14, 2021). Further, non-party employees and former employees “have  
 27 privacy interests in their personnel information, and in other sensitive identifying information such as  
 28 dates of birth.” *Murphy v. Kavo Am. Corp.*, No. CV 11 0410 YGR, 2012 WL 1497489, at \*1 (N.D.

1 Cal. Apr. 27, 2012) (citing *Foltz v. State Farm Mut. Auto. Ins. Co.*, 331 F.3d 1122, 1137 (9th Cir.  
 2 2003)). Since these Tesla employees are non-parties to the suit and such information is “not material  
 3 to the merits of . . . [a dispositive] motion” (*UnifySCC*, 2024 WL 4752092, at \*2), Tesla requests such  
 4 personally identifiable information be redacted from the public docket.

5 **TESLA’S INTEREST IN SEALING OVERRIDES ANY PUBLIC INTEREST**

6 In deciding whether a party’s interest in sealing overcomes the public’s interest in disclosure,  
 7 courts consider: (1) the amount of material sought to be sealed (*see Algarin*, 2014 WL 690410, at \*3);  
 8 (2) the “public interest in understanding the judicial process” (*Hagestad v. Tragesser*, 49 F.3d 1430,  
 9 1434 (9th Cir. 1995)), and (3) “whether disclosure of the material could result in improper use of the  
 10 material for scandalous or libelous purposes or infringement upon trade secrets” (*id.*).

11 Each of these factors supports sealing the material requested by Tesla here. First, Tesla seeks  
 12 to seal select portions of Defendants’ Proposed Sur Reply and Objection to New Evidence (Dkt. 92,  
 13 93). *See Algarin*, 2014 WL 690410, at \*3 (permitting sealing because party “only s[ought] to seal a  
 14 limited amount of information”). It would be difficult for Tesla to formulate a more narrowly tailored  
 15 or less restrictive request.

16 Second, sealing of this limited information about the descriptive file names, vendor details, and  
 17 personally identifiable employee information does not impede the public’s understanding of the judicial  
 18 process as this information is not essential to the public’s understanding of the merits of this case.  
 19 Public understanding of the case does not hinge on the specific file names Tesla seeks to seal or the  
 20 identities of its vendors. *See* Dkt. 14. Tesla employee names have no bearing on the public’s  
 21 understanding of—or this Court’s ability to adjudicate—Defendants’ wrongdoing. *Cf. Network*  
*22 Appliance, Inc. v. Sun Microsystems Inc.*, 2010 WL 841274, at \*2 (N.D. Cal. Mar. 10, 2010) (“Here,  
 23 although the [redactions] in question are attached to a dispositive motion, they had no bearing on the  
 24 resolution of the dispute on the merits . . .”).

25 Third, disclosure of this information is likely to place Tesla at a competitive disadvantage,  
 26 because, as described above, Tesla’s competitors could use this sensitive information for their own  
 27 gain. Ahearn Decl. ¶¶ 3–5.

28 For the foregoing reasons, Tesla respectfully requests that the Court seal the following:

Document	Portions to be Filed Under Seal	Designating Party	Basis for Sealing
<b>Dkt. 91-3, Exhibit A to Defendants' Administrative Motion for Leave to File Sur Reply ISO Opposition to Plaintiff's Motion for Preliminary Injunction</b>	i:5 (name of Tesla employee) 1:8 (name of Tesla employee) 1:9 (sensitive Tesla vendor information) 1:21 (Tesla employee name) 1:23 (sensitive Tesla vendor information) 1:24 (Tesla employee name) 1:25 (Tesla employee name) 1:26 (Tesla employee name) 1:28 (Tesla employee name) 1:28 (sensitive Tesla vendor information) 2:1 (Tesla employee name) 2:1 (sensitive Tesla vendor information) 2:2 (sensitive Tesla vendor information) 2:3-4 (sensitive Tesla vendor information) 2:8 (Tesla employee name) 2:9 (sensitive Tesla vendor information) 2:22-23 (title of sensitive document related to Optimus) 2:25 (Tesla employee name) 2 n.1 (sensitive Tesla vendor information) 3:1-2 (title of sensitive document related to Optimus) 3:3 (Tesla employee name)	Tesla	These portions disclose personally identifiable information of non-party Tesla employees or interns that encroach upon their privacy interests. Additionally, these portions contain descriptive file names and vendor details related to trade secrets and/or the design and development of Tesla's Optimus technology, and could cause security vulnerabilities, endanger trade secrets, and inflict competitive harm on Tesla. <i>See Ahearn Sealing Decl ¶¶ 3-5.</i>
<b>Dkt. 91-2, Defendants Objection to New Evidence and Argument in Plaintiff's Reply ISO Motion for Preliminary Injunction</b>	3:23 (sensitive Tesla vendor information)	Tesla	These portions disclose sensitive vendor details that could cause security vulnerabilities, endanger trade secrets, and inflict competitive harm on Tesla. <i>See Ahearn Sealing Decl ¶¶ 3-5.</i>

1 DATED: October 14, 2025

Respectfully submitted,

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